

Volunteer fire company. A nonprofit organization that was organized and operated as a volunteer fire company to provide fire protection and ambulance and rescue services to a community qualifies for exemption as a charitable organization under section 501(c)(3) of the Code and contributions made to the organization are deductible under section 170. The organization may also qualify for exemption as a social welfare organization under section 501(c)(4). Further, under section 513(a)(1), conducting weekly public dances does not constitute an unrelated trade or business. Rev. Rul. 66-221 superseded and Rev. Rul. 71-47 clarified.

Advice has been requested whether an organization that otherwise qualifies for exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954 is operated for charitable purposes where its only activities are those described below.

The organization was organized as a nonprofit volunteer fire company to provide fire protection and ambulance services for a community.

The organization owns a firehouse, fire engines, an ambulance, and related equipment. Its primary activity is fire fighting and rescue work. Except for two full-time salaried firemen, all of its members are unpaid volunteers and each is on call at some time to perform duties as a fireman, ambulance driver, or emergency rescue worker. As necessary adjuncts to its primary activity of providing fire fighting and rescue services for the community, the fire company engages in other activities, such as recruiting volunteers and training them in fire fighting, first aid, and rescue techniques; buying and maintaining fire fighting equipment; and raising funds for the company through mail and door-to-door solicitation of contributions. The organization also derives income from membership dues and weekly public dances conducted by unpaid volunteers drawn from the membership. All of the organization's expenditures are in furtherance of its primary purposes.

The organization provides recreational facilities for use by members during periods when they are not occupied with fire calls or other duties. The facilities at the firehouse include a club room with magazines, cards, table tennis equipment, a horseshoe pit, and a volley-ball court. Although off-duty members are also permitted to use the facilities, nonmembers may not.

No substantial part of the organization's activities consists of carrying on propaganda or otherwise attempting to influence legislation. The organization does not participate or intervene in any political campaigns on behalf of or against any candidate for public office. No part of its net earnings inures to the benefit of any private shareholder or individual.

Section 501(c)(3) of the Code provides for the exemption from Federal income tax of organizations organized and operated exclusively for charitable purposes.

Section 1.501(c)(3)-1(d)(2) of the Income Tax Regulations states that the term 'charitable' is used in the generally accepted legal sense and includes lessening of the burdens of government and relief of the distressed.

Providing fire and rescue service for the general community has been held to be a charitable purpose because it lessens the burden of government. *Sherman v. Richmond Hose Co.*, 230 N.Y. 462, 130 N.E. 613 (1921); *Magill v. Brown*, Fed. Case No. 8952 (C.C.E.D. Pa., 1833); *Roy G. McKenna*, 5 T.C. 712 (1945), acq., 1950-2 C.B. 3. See also Rev. Rul. 69-174, 1969-1 C.B. 149, which holds that rescue service for the relief of distressed persons is also a charitable purpose.

Whether the organization's provision of recreational facilities for members is in furtherance of its charitable purpose is a question of fact to be determined in light of all available information. By providing recreational facilities for members, the organization helps to forestall the tedium that could eventually drive volunteers out of the fire fighting service and make it difficult to recruit new ones. Availability of these facilities to all members, whether on-duty or off-duty, fosters a camaraderie and spirit of cooperation that is important to the operation of an effective fire fighting unit. It is not uncommon for tax-supported fire companies in large cities to provide similar facilities for their paid firemen.

Thus, under the circumstances, this organization's provision of recreational facilities for members does not disclose an independent social purpose, but rather is in furtherance of its charitable purpose. The organization is operated exclusively for charitable purposes and, accordingly, it is exempt from Federal income tax under section 501(c)(3) of the Code.

Holding public dances and charging admission on a regular basis may, given the facts and circumstances of a particular case, be the conduct of unrelated trade or business within the meaning of section 513 of the Code. However, section 513(a)(1) excludes from the definition of unrelated trade or business any trade or business activity in which substantially all of the work in carrying on such activity is performed for the organization without compensation. Since in this case the work in conducting the weekly public dances was performed by unpaid volunteers, the proceeds from the dances are not taxable as unrelated business taxable income.

Because the activities of this organization may also be regarded as promoting the common good and general welfare of the community, the organization could have applied for and received a

ruling recognizing its exemption from Federal income tax as a social welfare organization described in section 501(c)(4) of the Code.

Even though an organization considers itself within the scope of this Revenue Ruling, it must file an application on Form 1023, Application for Recognition of Exemption, in order to be recognized by the Service as exempt under section 501(c)(3) of the Code. The application should be filed with the District Director of Internal Revenue for the district in which is located the principal place of business or office of the organization. See section 1.501(a)-1 of the regulations.

Rev. Rul. 66-221, 1966-2 C.B. 220, which held a volunteer fire company whose principal source of income was its social activities to be exempt under section 501(c)(4) of the Code, is superseded because the position set forth therein is restated in this Revenue Ruling.

Rev. Rul. 71-47, 1971-1 C.B. 92, which holds that contributions or gifts to nonprofit volunteer fire companies are deemed to be for the use of a political subdivision of a State for exclusively public purposes and are deductible under section 170(c)(1) of the Code, is clarified to remove any implication that contributions to a volunteer fire company organized in the United States and described in section 501(c)(3) would not be deductible under section 170(c)(2).

In Roy G. McKenna, *supra*, footnote 6 to the 'acquiescence' reported in 1950-2 C.B. 3 is withdrawn and unqualified 'acquiescence' substituted therefore. See page 3, this Bulletin.